

STATE BOARD OF EDUCATION
Planning, Policy & Governmental Affairs Committee
February 15, 2001
BSU Sub, Hatch A & B

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5. Next Meeting Planning

The intent of this Committee is to provide an informal forum for discussion. The purpose is to develop long and short term planning and coordination, have initial discussions and provide direction on strategic policy initiatives and goals, and to consider items related to legislative relations and governmental affairs.

ITEM 1. Presidents' Council Report for Meeting of February 6

As the Idaho State Board of Education prepares to discuss funding of Idaho higher education, the presidents suggest several items on which to focus.

A. FUNDING ISSUES

Enrollment Workload Adjustment (EWA)

One starting point for the discussion might be the enrollment workload adjustment formula. One point of agreement among the presidents of the three universities and four-year college on this subject is that the current workload adjustment formula does not adequately support enrollment growth. Currently, the EWA adjustment is funded at one-third of the cost of an individual student as identified in the last cost study. While there may have been excess capacity in the past that justified that funding level for new enrollment growth, those conditions no longer exist (and have not for some time). Fully funding an EWA, whether it be the current weighted formula or some other new one, would ensure that those institutions that are growing would be adequately funded. Full funding for the EWA would also significantly reduce the tension over the current distribution formulas; even 2/3rds funding would be much more helpful. As to specifics of the current EWA beside that of the level of reimbursable costs for a new student, the presidents plan to present an outline for you of their differing views by April.

Salary Competitiveness via Merit Adjustments

While the four presidents have not discussed this approach in any detail, we agree that attracting and retaining high quality faculty is a bedrock issue in planning for the future of public higher education in Idaho. One such an approach to this problem might be a funding strategy that emphasizes an adequate CEC adjustment coupled with a merit supplement to provide a more effective approach to achieving this objective. Under this strategy, the annual CEC adjustment provides a base level of compensation and a merit supplement applicable to only 50% to 60% of the faculty is used to achieve competitiveness. This strategy has been effective in other states (e.g., Nevada).

Maintenance of Current Operations Including Equipment Replacement

Full funding for the maintenance of current operations based on actual cost increases needs to be an essential feature in any systematic reform of higher education finance. Current practice does not reflect either actual cost increases or the variation in these cost increases around the state. We are all likely to have very significant increases in utility costs in the next months that will not be covered by the current formula. Moreover, current capital budget strategies for funding library inflation are inappropriate for electronic subscriptions.

Maintenance of Physical Plant Including Communications Infrastructure

Priority should also be given to full funding of the maintenance of our existing physical plant and communications infrastructure at 1.5% of the current replacement value. The Board might also consider policies for the maintenance of auxiliary facilities to ensure that the entire physical infrastructure on each campus is maintained adequately.

New Facilities

The current capital building fund does not adequately support a growing Idaho higher education complex of undergraduate and graduate students, research, and outreach responsibilities. The current governor's proposal for higher education capital projects is clearly the exception to the rule. The more general rule is one building a year or less for all of Idaho higher education (including the community colleges and the technical college). Assuming the continued expansion of Idaho higher education enrollment that pace of construction will not meet the growing demand for new facilities. Nor are we likely to meet that demand through private support.

Engineering Enrollment

It has been suggested by the Governor's Science and Technology Council that Idaho higher education should double the number of engineering graduates in the next several years (probably five to seven years). Even if the qualified students can be found to support that goal, the current funding of engineering education is not able to support that graduation level. At the same time, the three engineering colleges are expected to increase significantly the research/graduate education activities of these colleges. To accomplish both these tasks at the same time will require significant new financial resources.

Student Fees

Another discussion topic would be to determine the proportion of the non-instructional costs that students should be expected to pay. A broad determination of public policy by the Board for the entire system would greatly simplify the annual fee setting process. For example, should the student be assessed 15%, 20%, 25%, 50%, 75% or more for the non-instructional costs of his or her education? Once the share has been determined, student fee requests might be determined by an inflationary index to keep the fee at the agreed upon number of student support. Coupled with a decision on this issue, the Board could also decide how fees are to be assessed (differential and/or professional fees; resident and non-resident students) and how need-based financial aid will be provided. This strategy has been effective in other states (e.g., Wisconsin).

The University of Idaho indicated that it would like to establish a professional fee for upper division undergraduate students in the College of Business and Economics. This would require a policy change by the State Board of Education/Idaho Board of Regents. The three universities and the four-year college have differing views of this proposal.

B. OTHER TOPICS DISCUSSED

1. Dual Enrollment Issues
2. Community College and University Transfer Reports
3. Facilitating the Governor's Recommendations for support of state problem solving

ITEM 2. Governing Options for Idaho Public Television

Background & Discussion

The Board commissioned a study by Bornstein & Associates concerning the possibility of shifting Idaho Public Television from its current state licensee status to a community based licensee.

The Board held a statewide public hearing on February 7, 2001. A summary of input received is forthcoming.

General Options for Action

1. Maintain the Status Quo
2. Create an Independent/Quasi State Agency with a new Board of Directors
3. Transition to a Community Licensee and allow the state to contract for specific services it wishes to maintain
4. Transition to a Community Licensee with no State involvement

Report to the Legislature

Unless otherwise directed, staff will work with the Board President to develop a letter to Legislators outlining the Board's recommendation along with a report on the public comments received.

ITEM 3. Review of Education Related Legislation

Background & Discussion

The following is a summary of current legislation in specified areas. A more complete list of all legislative items being tracked is attached in the Legislative Update. Rather than including each individual piece of legislation, provided is a summary of activity that will affect general areas of education, trying to concentrate on those that may affect the strategic direction of education in Idaho or that may be of special interest to the Board, and that the Board has not already taken some action on.

Because of the hearings on budget line items, the Education Committees are just now beginning to introduce the bulk of their legislation. Any updated information will be provided at the meeting.

Action

The Board may wish to endorse, not endorse, or make general statements regarding any of these items.

Postsecondary Education

- Representative Kunz is scheduled to introduce a bill for printing at House Education on Friday, 2/16, dealing with state funding for institutions of higher education. There is speculation this has to do with funding equity among the institutions in the State, and may be in the form of a resolution directing the Board look into the issue.
- Repeal of the Board's Personnel, Finance and Intellectual Property Rules were approved by both House and Senate Education Committees. The staff is currently gathering input in relation to these as the language is transferred into Board policy and revised. First readings on the changes are expected in April.

K-12 Education

Pre-Kindergarten Programs

There are several items of legislation related to establishing pre-kindergarten programs in the public schools, possible a result of discussion stemming from the interim task force on early childhood education. It is likely this issue will continue to be a hot topic this session and in future sessions.

Public School Teachers

- There is one item in bill form and another anticipated establishing with criteria for teacher evaluations.
- There is a proposal forthcoming to raise the base salary for teachers.
- There are a couple of items forthcoming to provide incentives for the recruitment and retention of teachers.

Achievement Standards

- One Senator is expected to request an interim committee that would study all laws, rules, procedures and practices that may hinder the success of teachers and students in meeting the achievement standards.

- The Education Committees voted to accept the K-8 Standards, with the exception of the performance related material inadvertently included, for one year, and directed the Board to come back next session with the K-8 standards written into the administrative code – they did not want the K-8 or 9-12 standards to remain in rule as incorporated documents.
- There was much discussion on the Samples of Application (3rd column in the Standards) and whether they belonged in rule text. It was clear that if they remain in rule text, they will be heavily scrutinized when brought back next year.
- Several Representatives expressed interest in being involved in a review/revision of the K-8 Standards before they are returned next session.

Staff Recommendation:

- 1) The Board consider the issue of including the samples of application in rule, and
- 2) The Board provide direction and a timeline for the review/revision. If it could be completed soon and forwarded to members of the Legislature for input before beginning with rulemaking procedures, it may make for less scrutiny next session.

School Facilities

In light of the recent court decision, there is an abundance of legislation to address school facilities and funding. The Senate Education Committee has recommended establishing a fund for this purpose in the amount of \$20 to \$30 million. In a recent presentation to JFAC, Senator Deide reported that any school facilities legislation should be “ongoing, significant, and every school district should share in the revenue.”

Budget Issues

- Thus far, the JFAC budget setting schedule is as follows, although times are approximate:

Feb 15 –	Public Schools Support Colleges & Universities
Feb 20 -	Superintendent of Public Instruction IPTV Professional-Technical Education
Feb 23 -	School for the Deaf and the Blind State Historical Society State Library
Feb 24-	Office of the State Board of Education Health Education Programs Idaho Council for Technology in Learning
March 2 -	Permanent Building Fund Advisory Council

Although the budget setting will begin, final word on a tax relief measure is yet to come.

- The Governor recommended a negative supplemental on this year's appropriated funds statewide based on unanticipated PERSI gains sharing revenue. OSBE informed DFM that ENDOWMENT and STUDENT FEE funds held by the colleges and universities should not be included in any calculations of appropriated funds to determine the negative supplement amount, pursuant to the Attorney General's Office Opinion we received last year. DFM has responded by stating that, while DFM is aware "of the unique circumstances that the endowments and fees pose," DFM will nonetheless "incorporate" the endowments and student fees into the negative supplemental request.
Staff recommendation: Pursuant to law, oppose the endowment and student fee money being included in the calculations for a negative supplemental.

Status of Board Action Items – January 31, 2001

At the January 31 meeting of the Board, action was taken in relation to several legislative items. Following is a summary of each action with status on related follow-up and activity. A letter outlining the Board action was mailed to the Chairs of the House & Senate Education and JFAC Committees.

- The Board acted to support the Governor's recommendation for the capital budget in the areas under the purview of the State Board of Education.
JFAC consideration of this budget is scheduled for March 2.
- The Board acted to reaffirm that Teacher and Faculty Salaries are a priority of this Board and to encourage the Legislature to appropriate and authorize CEC increases at the highest possible level.
- The Board acted to recommend to the Legislature that the postsecondary institutions be allowed the flexibility to determine how to allocate postsecondary faculty increases.
A resolution setting the CEC at 4.5% and giving agencies direction to provide a \$.36 per hour merit increase to all employees who have achieved performance standards, with the remaining to be distributed for performance related and agency specific compensation issues, has passed the House.
- The Board acted to support the Governor's recommendations for one-time funds for Textbooks and Classroom Supplies and for Safe Schools.
OSBE staff will continue to work with the Governor's office to develop specific policy language and implementation plans. See Item 3 for more information.
- The Board acted to endorse the Governor's recommendation for Recruitment and Retention of Teachers in the amount of \$6M, with the assumption that this is new money.
OSBE staff will continue to work with the Governor's office to develop specific policy language and implementation plans. See Item 3 for more information.
- The Board acted to support the recommendation for Math Accountability for \$500,000.
OSBE staff will continue to work with the Governor's office to develop specific policy language and implementation plans. See Item 3 for more information.

LEGISLATIVE UPDATE

February 12, 2001

Bold indicates recent action or additions

<u>Bill #</u> Contact	Purpose	Status
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ALL EDUCATION

<u>H 80</u> Rep. J. Clark	Doubles the amount allowable as an income tax credit from charitable contributions to primary and secondary education, libraries, public television, and university related research parks and foundation.	House Rev/Tax
<u>S 1034</u> R. Borden, LSO	Appropriates \$3,000,000 for Idaho Promise Scholarship Category B, with the intent that it be used only for those qualified and entering as first time freshman in the 2001/2002 academic year.	Passed Senate & House

POSTSECONDARY EDUCATION

<u>H 53</u> J. Norris, IMD	Expands the educational encouragement program to permit national guard members to use the program when enrolled in private, non-state postsecondary institutions located within the state of Idaho.	House Education
<u>H 169</u> R. Garber, ID Seed	Provides for remuneration for destruction of ag or horticultural crops grown for commercial purposes, testing or research.	House St Affairs
<u>S 1036</u> Sen. G. Ipsen, et al	Extends date for allowable deductions for the College Savings Program for year 2000 to April 15, 2001.	Passed Senate House Rev/Tax
<u>S 1063</u> Sen. D. Darrington	Provides for uniform registration, certification and background checks for sports agents seeking to represent student athletes, also imposes contract terms, and provides educational institutions with right to notice along with a civil cause of action for damages resulting from a breach of specified duties.	Senate Judiciary
<u>Intro 2/16</u> Rep. K. Kunz	To Encourage Change in Way the State Funds Institutions of Higher Education	Intro 2/16
<u>Rules</u>	Rule changes related to Proprietary schools, teacher education programs, residency classification, personnel, financial affairs, and intellectual property as submitted by the Board.	H & S Ed approved

K-12 EDUCATION

<u>HCR 1</u> Rep. M. Mortensen	Resolves that in U.S. History and civics classes in Idaho public schools, students are made aware of, and hopefully inspired by, the crucial role George Washington's virtues played in forming the moral foundation of this nation.	House Education
<u>H 125</u> J. Hancock, LSO	Supplemental appropriation to the Superintendent of Public Instruction for spending authority on externally received funds in the amount of \$20,132,000.	Passed House Senate 3rd Reading
<u>H 189</u> Rep. K. Kunz	Provide date for school trustee elections and dates for supplemental maintenance and operation levy elections.	House St Affairs
<u>H 190</u> Rep. K. Kunz	Requires that trustee zones in a school district follow existing precinct lines, and where that is not possible, to follow visible features.	House St Affairs
<u>H 191</u> Rep. K. Kunz	Requires that local school boards initiate reapportionment of trustee zones at the first meeting following the report of the decennial census.	Printing
<u>S 1027</u> Sen. Schroeder Sen. Dunklin	Amends and adds to existing law to authorize a prekindergarten program with funding support to be provided similar to that provided for kindergarten.	Senate Education
<u>S 1028</u> Sen. Schroeder Sen. Dunklin	Amends existing law to strike the requirement that a child attain the age of five years to attend school, while maintaining the requirement that a child must be five years of age to attend kindergarten.	Senate Education
<u>S 1038</u> Sen. Schroeder, et. al	Amends 33-5211 dealing with charter schools to take out reporting dates of 2004 and make reporting and information distribution not date certain but ongoing.	Senate Education
<u>S 1060</u> T. Hill, SDE	Amends Idaho Code to require charter schools to prepare and submit audit reports and to annually file financial and statistical reports with the State Department of Education.	Senate 2nd Reading

<u>S 1061</u> Sen. D. Deide	Directs districts that criteria for teacher evaluations must include, but not be limited to, classroom management, adherence to district adopted curriculum, parent communication, teacher effectiveness as evidenced by student growth determined by an assessment program based on district curriculum, and professional conduct.	Senate Education
<u>S 1089</u> Sen. B. Dunklin	Provides for school speed zone penalties.	Senate Judiciary
<u>S 1099</u> Sen. C. Ingram	Exempts public school districts from paying impact fees on construction of any facility used in the educational process.	Printing
<u>RS Approved</u> Sen. Deide	Increases teacher base salary and adopts new requirements for a school district salary schedule	Printing
<u>RS Approved</u> Sen. Deide	Specifies the number of days which shall constitute a full time contract for professional personnel in school districts and provides for a deduction from salary-based apportionment based upon the percentage by which a district fails to implement a full-time contract	Printing
<u>RS Approved</u> Sen. Deide	Establish an interim committee to undertake a study of all laws, rules, procedures and practices that hinder the success of teachers and students from achieving the achievement standards	Printing
<u>RS Approved</u> Sen. Deide	Amends 33-1616 by providing statewide goals for reading evaluations and provides assistance to schools which fail to achieve specified goals	Printing
<u>RS Approved</u> Sen. Deide	Provides for a pre-kindergarten readiness program, provides eligibility, reimbursement and reporting	Printing
<u>RS Approved</u> Sen. Dunklin	Establish an interim committee to develop proposals for improving school readiness and preliteracy skills of Idaho's young children.	Printing
<u>RS Approved</u> Sen. Deide	An act relating to Charter Schools; amending Section 33-5209, Idaho Code, to provide appeal of a decision not to approve a revision of the charter.	Printing
<u>RS Approved</u> Sen. Goedde	Grants local Boards of Trustees authority for timing of staff development activities.	Printing
<u>Intro 2/16</u> Rep. Hammond	Beginning Classroom Teacher Incentives	Intro 2/13
<u>Intro 2/16</u> Sen. Deide	Authorizing criteria to evaluate teacher effectiveness	Intro 2/15
<u>Intro 2/16</u> Rep. Meyer	Pertaining to the Content of Family Life & Sex Education Programs Introduced by School Districts	Intro 2/16
<u>Intro 2/16</u> Bob Haley, SDE	Pertaining to Solving Cash Flow Problems for Growing Charter Schools	Intro 2/16
<u>Intro 2/16</u> Rep. Moss	Regarding an Idaho Virtual High School	Intro 2/16
<u>Intro 2/16</u> Rep. Chase	Pertaining to Enticement for Idaho Teachers to Remain in Idaho	Intro 2/16
<u>Intro 2/16</u> Rep. Hammond	Concurrent Resolution to Reject Certain Agency Administrative Rules that would have Incorporated by Reference the State Board of Education's Achievement Standards for Grades 9-12.	Intro 2/16
<u>Intro 2/16</u> Rep. K. Kunz	Pertaining to school uniforms	Intro 2/16

SCHOOL FACILITIES		
<u>H 118</u> Rep. Tom Trail	Adds new section to Code to provide for state guaranteed school support and to provide a procedure for calculating tax levies for supplemental, plant facilities and bond funds of school districts.	House Rev/Tax
<u>S 1070</u> Sen. D. Deide	Amends existing Code 33-905 related to school district building account to take out provisions related to lottery dividends; amends 33-1009 related to public school income fund to provide that any remaining funds after distribution will go into the newly created School Facility Support Fund. New funds will distributed to districts by SDE based on proportions from previous year's school foundation program. Districts must use funds to reduce bond interest or be accumulated for district credit to be applied to bonded indebtedness or school plant facilities levy. Seeking \$30 million for new Fund.	Senate Education

<u>S 1071</u> Sen. B. Dunklin	Authorize annual payment by the state of up to 20% of the amount of property taxes collected by districts in the previous year with bond or plant facilities levies. School districts would be required to reduce their bond or plant facilities levy tax collections with the funds. School Facilities Fund created to distribute funds, to be administered by SBOE. Seeking \$20 million for new Fund.	Senate Education
<u>RS Approved</u> Sen. Keough	Amends 33-1613 to require publication of a summary of reports made to the Board of Trustees	Printing
<u>RS Approved</u> Sen. Keough	Amends 33-601 to provide conditions governing the sale or other disposal of property owned by the school district	Printing
<u>RS Approved</u> Sen. Chase	Appropriates money from the general fund to reduce bonded indebtedness of school districts and provides a formula for distribution	Printing
<u>RS Approved</u> Sen. Deide	Repeals 33-1017 that provides the balance in the school safety and health revolving loan fund shall revert to the general fund and deletes provisions for obtaining loans from the school safety and health revolving loan fund.	Printing
<u>RS Approved</u> Sen. Schroeder	A Joint Resolution proposing an amendment to Section 3, Article VIII, of the Constitution of the State of Idaho, to allow school districts to incur indebtedness with the assent of sixty percent, rather than two-thirds, of the qualified electors.	Printing
<u>RS Approved</u> Sen. Keough	Amending Section 33-905, Idaho Code, to create the disadvantaged school district building account and to match school district moneys for the purposes of the account; adding Section 33-905A, Idaho Code, to create a school facilities fund to provide distribution of lottery proceeds based upon average daily attendance of the district; amending Section 63-3638, Idaho Code, to provide a distribution from the sales tax to the disadvantaged school district building account and to make technical corrections; and amending Section 67-7434, Idaho Code, to provide for deposit of the lottery proceeds.	Printing

RULES

<u>Rule</u> 08.02.03	ACHIEVEMENT STANDARDS – Changes already approved standards for 9-12 from “exiting” standards to “achievement” standards. Also establishes achievement standards for grades K-8.	H & S Ed approved w/ exceptions
<u>Rule</u> 08.02.03	GIFTED AND TALENTED PROGRAMS – Establishes criteria and assists school districts in developing plans outlining how students are identified as gifted or talented, and how services will be provided to those students.	H & S Ed approved
<u>Rule</u> 08.02.02	TEACHER CERTIFICATION – Changes date reference in rule due to updates in the Standards Manual in relation to the Occupational Specialist Certificate requirements.	H & S Ed approved

PUBLIC EMPLOYEE OR PUBLIC AGENCY

<u>H 36</u> D. Tolman, DFM	Removes specific dollar amount limitation on meal reimbursements for state employees and officials and allows the amount to be set by the Board of Examiners.	Passed House & Senate
<u>H 38</u> A. Winkle, PERSI	Amends I.C. 59-1308 in relation to the supplemental benefit plan to eliminate the requirement that voluntary contributions cannot be initiated until a PERSI member has received a gain sharing transfer.	Passed House in Senate Com/HR
<u>H 128</u> J. Guilfooy, ADMIN	Amending I.C. such that certain state agencies that are designated to be placed in Boise city can now be located in Ada County.	House St Affairs
<u>HCR 12</u> Rep. D. Lake	Resolution to ratify the Governor’s recommendation of a 4.5% CEC increase, also gives direction that agencies provide a \$.36 per hour merit increase to all employees who have achieved performance standards, with the remaining to be distributed for performance related and agency specific compensation issues. <i>*The SBOE reaffirmed teacher and faculty salaries as a priority and encouraged CEC increases at the highest possible level.</i> <i>*The SBOE recommends that the postsecondary institutions be allowed the flexibility to determine how to allocate postsecondary faculty increases.</i>	Passed House
<u>S 1025</u> J. Guilfooy, ADMIN	Amend statutes related to State Purchasing to permit electronic notices, solicitations, and bids, and to remove requirements for vendor registration.	Passed Senate in House St Affairs
<u>S 1082</u> Sen. B. Davis	Provides that original construction or renovation of state buildings when costs exceed \$400,000 shall include works of art for public display, costs for which will be included in the construction costs and shall be .25 to .5% of the total cost; and provides exceptions.	Senate St Affairs

S 1084 Sen. L. Whitworth	Provides that classified employees shall be entitled to representation of their own choosing during appeal and petition for review procedure.	Senate Com/HR
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OTHER BOARD GOVERNED AGENCIES

H 138 Phil Barber	Amends Idaho Code to provide a sales tax exemption for admissions to and purchases by museums, and defines "museums."	House Rev/Tax
H 178 J. Hancock, LSO	Supplemental appropriation to the Idaho State Historical Society in the amount of \$446,000.	House 2nd Reading
HCR 19 K. Jones	Establish an interim committee to study the causes and remedies for the excessive unemployment rate among persons with disabilities, with input from vocational rehabilitation and education, among others.	House 2nd Reading
S 1001 Sen. G. Schroeder	Repeals Section 3 of the intent language included with the appropriation for Idaho Public Education Broadcasting passed during the 2000 session.	Senate Education
Intro 2/16 Rep. Hammond	Concurrent Resolution to Reject Pending Rules of the Division of Vocational Rehabilitation Concerning Client Appeals.	Intro 2/16
Rule 55.01.03	PROFESSIONAL-TECHNICAL SCHOOLS – Identifies and sets forth criteria and requirements for the establishment and operation of a professional-technical school in Idaho	H & S Ed approved
Rule 47.01.01	VOCATIONAL REHABILITATION – Refinement and technical corrections to rules	H Ed approved w/ exceptions S Ed approved

GENERAL IMPACT

H 59 B. Whitlock, DFM	Governor's tax relief legislation. The fiscal impact is \$136.6 million and includes a .1% permanent rate reduction, provides rebates on 1999 income tax paid, doubles the grocery tax for seniors, and permanently reduces the corporate income tax rate by .2%. It also provides for business development credits and changes the child care deduction and elderly dependant care credit.	House Rev/Tax
H 77 Rep. R. Chase	Reduces the sales tax on groceries and eliminate the grocery tax credit. Fiscal impact would be \$50 million in the first year and \$32 million in the second year.	House Rev/Tax
H 78 Rep. R. Chase	Removes the sales tax on groceries effective July 1, 2001. Fiscal impact would be \$60 million first year and \$116 million in the second year.	House Rev/Tax
H 105 Rep. B. Sali	Increases the grocery tax credit for 2001 and removes the sales tax for food beginning in July 2002, at which time the grocery tax credit would be repealed. Fiscal impact is \$18.6 million for FY 2002, and a net general fund impact of \$84 million in subsequent years.	House Rev/Tax
H 106 Rep. R. Chase	Removes sales tax on groceries and eliminates the grocery tax credit. Fiscal impact would be \$60 million in the first year, and \$116 million in the second year.	House Rev/Tax
H 157 Rep. K. Roberts	Doubles the grocery tax credits. Fiscal impact of \$18.6 million.	House Rev/Tax
H 158 Rep. Crow & Moyle	Tax relief legislation that builds on the Governor's legislation. Fiscal impact in 2002 is \$147.5 million and \$124.45 million in 2003.	House Rev/Tax
H 159 Sen. C. Boatright	Repeals grocery tax credit and adds sales tax exemption on food. General fund impact of \$107.4 million.	House Rev/Tax
H 172 Rep. J. Clark	Provides that if there is a surplus at the end of a fiscal year, an appropriate amount of funds shall be deducted and transferred to the budget stabilization fund, 1% of the remaining shall be retained in the general fund, 75% of the remaining shall be credited to the income of individual tax payers.	House Rev/Tax
H 200 Rep. D. Crow	Tax relief legislation that builds on the Governor's legislation. Fiscal impact in 2002 is \$160.3 million and \$67.25 million in 2003.	House Rev/Tax
HCR 18 Rep. J. Clark	Establish an interim committee to study the use of moneys accruing in the Idaho Millenium Income Fund.	House St Affairs

ITEM 4. Other Legislative Items of Interest

4A. Summary of Education Committees' Actions on Budget Line Items

Senate Education

Senator Schroeder and Senator Deide presented the following recommendations to JFAC on February 9. Although, the Committee is expecting to revisit and possibly expand on their recommendation on February 14. Any updated information will be provided at the meeting.

- Support for \$6.2 million for digital conversion of the Idaho Educational Broadcasting System, and recommend that IPTV remain publicly owned.
- Support \$8 million for achievement standards implementation
- Support Governor's recommendation for \$500,000 for math accountability.
- Support increasing Gifted and Talented line item from \$500,000 to \$600,000 in Public School budget.
- Support full funding for the Technology Initiative (technology grants), and funding to allow participation in Gates Foundations technology funding (Sen. Richardson's initiative).
- Support Governor's recommendation for Community Resource Workers (\$6 M). Recommend funds to be allocated to Department of Health & Welfare to administer (but would not want funding jeopardized on this point).
- Recommend that the \$3.5 million in Governor's budget for school counselors be added to the salary-based apportionment and leave the decision to hire additional counselors at the local level.
- Recommend that should \$6 million for teacher recruitment and retention be funded, per the Governor's budget, that the Education Committees be allowed to develop intent language so that the program is carefully managed and is a trial program.
- Support \$4.6 million for LEP program in public school budget.
- Recommend that the \$2.85 million in the Governor's budget for safe schools be added to the Safe & Drug Free schools budget, to bring this budget up to levels requested by the SDE, with added intent language.
- Recommends the Career Guidance and Information Manager as requested by Professional-Technical Education be funded.
- Support \$20-30 million allocation to assist schools with facilities, including funds currently in the revolving loan fund established last session.
- Support and increase the \$2 million request for the beginning teacher support program by \$500,000, for a total of \$2,500,000.
- Support \$4 million for Idaho Reading Initiative in public school budget. Additionally, support expanding the initiative to include those entering Kindergarten, for an additional \$900,000, for a total impact of \$4,900,000.
- Recommend staff allowance remain as high as possible in anticipation of a legislative mandate setting minimum teacher salaries at \$25,000.

House Education

Representative Tilman addressed JFAC on February 9, publicly thanking the Board of Education for their leadership and increased involvement. The House Committee begun taking action on February 13 on the public school budget and will continue with other line items throughout the week. A summary of action thus far is as follows:

- Support and 8% increase in salary-based apportionment and benefits.
- Support the SDE proposed increase of \$2,300,000 to the Safe & Drug Free schools program, and to not support the Governor's initiative for safe schools in the amount of \$2,850,000.
- Support the \$7,000,000 request (\$10,400,000 total) for Technology.
- Support the Innovative Teacher Grants at the current funding level of \$425,000.
- Support the Idaho Reading Initiative at the current funding level of \$4,000,000.
- Support the request for LEP funds at \$4,500,000 ongoing and \$100,000 one-time.
- Support the Least Restrictive Environment at the current funding level of \$1,000,000.
- Support Gifted and Talented Program at current funding level of \$500,000, plus an additional one-time amount of \$100,000.
- Support request for Reading Improvement to be \$0 funded.
- Support request for Beginning Teacher Support at \$2,000,000.
- Support fully funding Achievement Standards Implementation in the amount of \$8,000,000.
- Recommend \$0 funding for Governor's Initiative for Classroom Supplies (it was indicated this should be in discretionary funds).
- Recommend \$0 funding for Governor's Initiative for Community Resource Workers in the Public School Budget, but strongly recommend the program continue with funding placed in the Health & Welfare Budget.
- Recommend \$0 funding for Governor's Initiative for School Counselors
- Recommend \$0 funding for Governor's Initiative for Recruiting and Retaining Teachers. (It was indicated this should be in discretionary funds)
- Recommend \$0 funding for Governor's Initiative for Math Accountability.

4B. Governor's Education Initiatives

Draft proposals for the Governor's Education Initiatives are summarized below. The staff will continue to work with the Governor's Office in refining these recommendations to ensure they are workable.

- The Governor's intent for all of these initiatives is annual reporting, evaluation and appropriate modification by the State Board of Education, the Department of Education, the Governor's Office, and the Legislature if the outcome of the program(s) is unsatisfactory.
- The Governor's office would like to allow the State Board of Education and the State Department of Education flexibility in implementing the recommendations and enforcing the standards they develop. If it is necessary for legislation to be written, the Governor's office would like to work with the SBOE and the SDE to ensure legislation is effective, reflective of best practices, and appropriate for Idaho and its citizens.
- In general, for all initiatives, the Governor recommends that the entity receiving funds submit an annual evaluation of the program to the State Board of Education, in some cases, through the Department of Education, on the funding allocation, impact, usefulness and results of the program. The State Board of Education is to evaluate the results use them for future budget and program recommendations.

Specific initiatives include:

Classroom Supplies - \$8,500,000

Except for textbook purchases, it is the governor's intent that these funds flow to the classroom for the teacher's use and discretion, not to each district for overall district use.

Implementation

The State Board of Education will provide each district with specific direction that they are not to use the funds to replace funds that are already being used for classroom supplies, and that the district alone is not to spend the funds without consultation with the classroom teachers. It is understandable that a district may be advantaged in contracting with a supplier that may afford a discount to the entire district and therefore leverage the funds available, but not at the expense of the wishes and needs of the classroom teacher. The funds are to be made available to all certificated staff directly engaged in instruction. Items purchased must be requested by the certificated staff and approved by the chief administrative officer in the school building.

Community Resource Workers

\$6,000,000 of on-going General Fund monies are recommended. Currently approximately 90 districts are using Community Resource Workers for their students. The funding is intended to be on going so that the environment for the students will be more stable and the services available will be part of the overall program. The intent of this request is that as the issues of society continue to spill over and overlap our children in the school environment, it is critical that we provide this additional assistance to the schools so that they can provide family assistance as well educational assistance to our children.

Implementation

It is the intent to administer this program through the school districts to retain the current staff in this area. Since the delivery of services is triggered by a student need and critical to

student achievement in school, it is best administered through the public schools. School districts are encouraged to retain current community resource workers that have demonstrated effectiveness in dealing with student family problems affecting student achievement. If appropriate, workers with BA degrees should be hired as classified employees. It is also the intent of this program to encourage the State Department of Education and the school districts to examine cooperative efforts wherever possible to share community resource workers to the entire systems advantage.

School Counselors

The Governor recommends increasing the number of school counselors to more effectively deal with children with serious emotional disabilities (SED). \$3,500,000 of on going General Fund monies is recommended. The intent of this recommendation is that these individuals be wisely distributed among the 114 school districts, with the understanding that cooperation, sharing, and need will all be considered. This program will begin to solve many of the issues and provide for many of the students discussed in the “Jeff D” challenge.

Implementation

There is a coordinated effort by the State Department of Education, the Division of Juvenile Corrections, and the Department of Health and Welfare that serves three demonstration sites (Bonner, Bonneville and Canyon counties) offering community-based mental health services in three counties to SED children. It is the intent that these funds be used not only for the existing demonstration sites, but also for the creation of new sites in other school districts using the current sites as examples. These counselors should be wisely used for not only assistance but also for identification of the needs of students in their districts and in others. It is also the intention of this program to use the newly hired counselors in a cooperative way such that the maximum numbers of students with SED needs are served. Reporting on the use of these funds, especially in cooperative ways, will be required. It is intended that allocation of these funds be a joint effort between the agencies involved and the needs of the SED identified students in the state.

Safe Schools

The Governor recommends \$2,850,000 (\$1,450,000 on-going and \$1,400,000 of one-time monies) which is almost \$11.50 per student statewide. This initiative would allow each school district to continue and expand efforts related to safe school environments, including character education and “assets-type” programs.

Implementation

It is not the intent that these funds would be used for any physical or building safety issues. Allocation of funds should be to both advantage all students as well as to develop programs with increasing involvement and knowledge base as student progress through the grades. Mentoring by older students and shared resources will be encouraged. It is the intent of this program that the \$1,350,000 of on-going funds be distributed to the districts through a current formula involving average daily enrollment. It is the intent that the State Board of Education and the Department of Education shall utilize \$100,000 of this funding for technical assistance and evaluation. The \$1,400,000 of one-time funding shall be distributed through grant funding. Districts must apply for the grant funding but are not guaranteed any amount of funding.

Retaining and Recruiting Teachers

1. Teacher Compensation

The Governor recommends an additional \$33,000,000 for Salary-Based Apportionment, which will provide an approximate 5.5% increase for classified, administrative, and certificated employees of all school districts. These salaries are negotiated locally with each school district's education association. This differs from the Department of Education's recommendation of 11% and reflects an amount not an intent. The intent is to reward teachers and compensate their success. This, in cooperation with the \$6,000,000 recommendation to recruit and retain teachers, should allow school districts to continue to bring teacher compensation forward.

Implementation

It is understood that a process currently exists to distribute these funds to the districts. It is the intent of this recommendation to challenge each district to make the difficult decisions of rewards for performance both for meritorious and marketable faculty.

2. Recruit and Retain Teachers

The intent of the program is to provide compensation funding to allow local school districts to recruit and retain teachers in teacher shortage areas, such as, but not limited to: mathematics, science, special and bilingual education. Competitive pressures make it imperative that a portion of teacher salary funds be used to target recruiting and retention issues rather than being spread across the salary spectrum. The Governor recommends that compensation amounts be a minimum of \$2,000 per teacher, and that eligibility criteria for granting monies be determined by local school trustees with any appropriate assistance from the Department of Education and the State Board of Education.

Implementation

Each school district will identify their needs in shortage areas as well as their need to retain outstanding educators. Multi-year awards are appropriate. These monies are intended to be used in conjunction with the Teacher Compensation monies to offer opportunities to both new teachers and to experienced teachers who are outstanding and need to be retained. The intent of this recommendation is indeed to challenge each school district to make some determination of needs both in recruiting and retention.

Programs that may be used include, but are not limited to:

- Recruiting high-performing college students, knowledgeable retirees, or individuals seeking a career change who bring a wide array of experience to the classroom
- Paying signing bonuses or retention bonuses for both new teachers and outstanding individuals who the district would like to retain. Signing bonuses could be matched by local contributions from school districts that could potentially increase that amount.
- Use past and current teacher of the year winners and finalists in recruiting efforts. Create websites or newsletters or e-newsletters to share with all districts successes in recruiting and retention.
- Loan forgiveness programs, moving expenses, and mortgage or rent assistance are all appropriate programs for this initiative.
- Innovative ideas that a district may use to recruiting and retain teachers will be encouraged and should be rewarded through the distribution of these funds.

Math Accountability

The Governor recommends expanding the existing Direct Math Assessment (DMA) to include 5th, 6th, and 7th grades. General Funds of \$500,000 are recommended.

Implementation

The intent of this recommendation is that the \$500,000 be used to expand the administration of the Direct Math Assessment to three additional grades (5, 6, 7) from the current two (4, 8). It is also very important that reporting of the scores of this new testing be used next year as the benchmark needed to continue to raise students' success.

It is also the intent of this recommendation for school districts to continue examining better ways to teach math and to examine the need for additional teacher training in mathematics at all grade levels. It is also the intent of this program that a board or commission be established made up of policy makers, policy implementers, and policy affecters to establish a solid long-term Math Initiative. It is also the intent that a portion of these funds be used to help support the Math Initiative Task Force under the direction of the State Board of Education. Policy makers, implementers, and affecters will include but not be limited to representation from school districts, higher education, the State Department of Education, the State Board of Education, the Governor's Office and the Legislature. The Task Force will provide recommendations and legislation if appropriate.

Achievement Standards

The Governor recommends that additional funding in the amount of \$3,000,000 be provided for local districts to align their academic curriculum to new and revised achievement standards being established by the State Board of Education. In addition to the monies allocated to local districts, the Executive Recommendation includes \$500,000 in new General Funds in the Office of the State Board of Education Budget, augmenting another \$500,000 being transferred from the Superintendent of Public Instruction. These two amounts will be used by the State Board of Education as it assumes primary responsibility for reviewing and modifying the state's current testing program.

Implementation

It is the intent that these funds be used for both completion of the achievement standards and the transition to the assessment by those standards. Cooperation among districts is encouraged and system wide efforts by the State Board of Education are encouraged.

Salary Competitiveness

The Governor recommends a 2% merit salary increase including benefits for teaching faculty only for the following agencies: Agriculture Research and Extension, Colleges and Universities, Community Colleges, School for the Deaf and Blind, Health Programs, Professional-Technical Education, and Special Programs. This program is to assist the teaching faculty not administrative professionals, administrative faculty or classified employees.

Implementation

It is the intent of this program that a 2% merit salary increase be provided to teaching faculty to be utilized over and above the 4.5% CEC that has also been recommended. This funding will be distributed based upon 2% of the salary base for each agency for teaching faculty. It would be the intent of this program that in order for a faculty member to be eligible, that a person will be meritorious, marketable and will have received the full benefit of the 4.5% CEC pool.

New Faculty – With Special Emphasis Areas

The Governor recommends the college and universities hire additional faculty, with an emphasis on health professions, law, science, and engineering. The goal for the institutions is to increase the number of graduates and provide increased professional education in these areas. It is recommended that \$2,650,000 from the General Fund be used for this program.

Implementation

It is the intent of this program that colleges and universities utilize the \$2,650,000 to hire faculty in the specific areas listed above. Requests outside of these areas will be considered by the State Board of Education but there will be no guarantee of acceptance. The State Board of Education will develop a formula for either distribution or allocation of these funds for the use of the universities. Universities will be evaluated based upon increased numbers of graduates and increased professional education in the areas of hire.

University Research Initiative

The Governor recommends the expansion of the statewide research initiative by funding faculty recruitment and infrastructure in areas of key economic growth in Idaho. **State funds for the research initiative will be matched on a dollar-for-dollar basis using funds from non-state entities.** For the Higher Education Research Council (HERC), the Governor's Recommendation restores \$500,000 (which will not require matching funds), which was previously removed. Of the \$2,500,000 remaining, \$1,300,000 is to support on going costs of the Initiative of FY 2000. \$1,200,000 is to be used for new programs.

Implementation

It is the intent of this program that colleges and universities utilize this funding to expand the research initiative for areas of key economic growth in Idaho. It is the intent of this program that an RFP and review panel be established by the State Board of Education similar to the College and Universities Excellence Initiative of FY2000.

The distribution of funds for this program are predicated upon the following guidelines:

1. The decision to fund a project application will depend on the institution meeting all matching fund requirements.
2. The award will be at the discretion of the Governor based upon the merit of the project/application.
3. The amount of the award will be at the discretion of the Governor.
4. The awards will be made in support of those projects that reflect areas of key economic growth in Idaho.

Substance Abuse Initiative

Boise State University Center for Health Policy, in partnership with Idaho State University and the University of Idaho, will collect appropriate data from the various state agencies involved in substance abuse programs, analyze the data, evaluate the effectiveness of the state's substance abuse programs and where appropriate, suggest, "best practices" for the state to consider. It is recommended that \$95,000 from the Millennium Fund be used for this program.

Implementation

It is the intent of this program to utilize \$95,000 from the Millennium Fund to develop an Information data base and a set of "best practices" that the state can use to continue it's

efforts in the substance abuse area. This initiative will allow several agencies of the government in cooperation with the universities to move forward with their success.

Property Tax Replacement

The Governor recommends property tax relief for the residents of counties that support community colleges. An increase in General Fund Support to 50% of the total community college budget is recommended, bringing the total General Fund recommendation to \$20,400,000.

Professional-Technical Education – Capacity Building

The Governor recommends \$840,000 for programs with the greatest need. New and expanded program offerings will be necessary to accommodate high school graduates who continue on to postsecondary programs at the six area PTE schools. Included in this amount is new funding for new building occupancy costs and an expanded collection of technical books for the Eastern Idaho Technical College Library.

Implementation

It is the intent of this program that the Division of Professional-Technical Education of the State Board of Education develop a program for distribution of the non-designated funds to the areas of greatest need. In addition, it is the intent of the Governor that this program in conjunction with the community college property tax relief initiative be used along with any and all other information as the Board or Commission that is established to look at the overall community college issue begins its work.

Special Leveraging Education Assistance Partnership

The Governor recommends this program through a matching formula grants to states, provides aid to students with financial need to help them pay for their postsecondary costs or helps the state to carry out service programs to strengthen the opportunities for students with financial need to enter postsecondary education. The FY2002 recommendation is for \$100,000 in general funds to provide for an additional \$50,000 match from federal government.

Grow Your Own Idaho Teachers

The Governor recommends \$450,000 funding to provide 110 scholarships to encourage current employees or volunteers of school districts to further their education.

Implementation

It is the intent of this program that current volunteers and employees of school districts be encouraged and rewarded for continuing their education. It is also the intent of this program that by rewarding those who are currently and concurrently involved with schools, we will build a stronger teacher and a stronger school district. In addition to \$3,000 for each scholarship, it is the intent to fund four (4) half-time faculty (\$120,000) to administer four regional education teacher preparation programs. They will administer the program and provide specialized assistance. They will coordinate the remote delivery of programs/courses to locations where the candidates can be easily clustered. This is necessary to ensure that these candidates can access the needed courses while staying employed in a school district. The State Board of Education in conjunction with the Department of Education will develop a program for grant application and administration of this program to the school districts. School districts are not guaranteed receipt of the scholarship funding and must apply for appropriate consideration.